

**City of Grants Pass**  
**BUDGET COMMITTEE MEETING MINUTES**  
**May 5, 2015 – 6:00 P.M.**  
**City Council Chambers – 101 NW A St.**

The Grants Pass City Council met in joint session with the Budget Committee on the above date. City Councilors Dan DeYoung, Roy Lindsay, Rick Riker, Ken Hannum, Dennis Roler, and Jim Goodwin were present. City Councilors Lily Morgan and Mark Gatlin were absent. Budget Committee Members Curt Collins, Tom Brandes, Shaun Curry, Ferris Simpson, Frank Morin, John Rall, and James DeHoog were present. Budget Committee Member Lisa Fogelquist was absent. Also present was Mayor Darin Fowler and representing the City was City Manager Aaron Cubic, Finance Director Jay Meredith, Parks & Community Development (hereafter: PCD) Director Lora Glover, Parks Superintendent Jeff Nelson, Public Safety Director Chief Bill Landis, Public Works Director Terry Haugen, Human Resources Director Diana Mejia and City Recorder Karen Frerk.

**I. Budget Officer Convene Committee**

City Manager Cubic stated, good evening, I'm Aaron Cubic, city manager and budget officer for the City of Grants Pass. Welcome to the May 5, 2015 Budget Committee meeting. I would like to start off by having everyone go through and introduce themselves and then we will start in on the agenda.

[Recorder's Note: Councilors, Budget Committee members, and some of the City staff present introduced themselves.]

**a. Overview of Budget Process**

City Manager Cubic stated, good evening again to members of the public and staff that are also present this evening. I'll start with Item #1 – Overview of Budget Process under 1A. There are really three major steps within the budget process. The first is to develop a budget which you have in front of you. It is a proposed budget developed by staff. The Budget Committee then goes through a number of meetings to approve a budget and then Council ultimately adopts the budget which also adopts things such as the tax rate and acknowledges state shared revenues etc. Today, to be more focused on what we are going to be doing, an overview is we are going to first start off by nominating a budget chair and vice chair and electing those. We will go

through and adopt the Budget Committee ground rules. You will then hear from the budget officer with regards to the delivery of the budget message. You will receive the budget document and you will also receive an overview of the strategic plan and the related capital projects associated with that. You also will be asked today to ratify the budget hearing schedule so we will need a motion on that. We will receive public comment or questions which is also a requirement of this meeting and then discuss any general questions or information requests from the Committee. Then, it's a continuation of the hearing which would be another motion for Tuesday, May 12<sup>th</sup> which is our next meeting. The budget process - you have in front of you schedule, City of Grants Pass 5-5-2015, it consists of four primary Budget Committee meetings. The first is today May 5<sup>th</sup>. May 12<sup>th</sup> there is another meeting where you will start to hear specifics with regards to certain departments. You will hear from Public Safety and Parks and Community Development. Then, on May 14<sup>th</sup> you will hear from Public Works. I want to note on top there is an optional capital project tour from 4:00-5:30 before the meeting where you will have an opportunity to go around and take a look at some of the capital projects we have throughout the city. This will give you better perspective of what might be in the budget. We will need a headcount for that but we can do that later once the chair is nominated and we've gone through the budget process and we're talking about ratifying the calendar. May 19<sup>th</sup> we go over the Administration Department budget and Human Resources and Finance Department. You have optional meetings on May 26<sup>th</sup> and 28<sup>th</sup> if needed and June 17<sup>th</sup> is when City Council approves budget.

**b. Nominations for Budget Chair and Vice Chair**

**c. Election of Budget Chair And Vice Chair**

City Manager Cubic stated, with that we should start with nominations for budget chair. Once the budget chair is nominated and elected then I will have the budget chair take over and do the vice chair.

Councilor Lindsay stated, I nominate Tom Brandes for chair.

City Manager Cubic stated, I have a motion and a second by Ferris for Tom Brandes to be chair. Are there any other nominations? Hearing none I'll call for discussion. Hearing no discussion I will call for a vote.

### **MOTION/VOTE**

**Councilor Lindsay moved and Committee Member Simpson seconded the motion to elect Committee Member Tom Brandes as Budget Committee Chair. The vote resulted as follows: “AYES”: Councilors DeYoung, Hannum, Lindsay, Riker, Roler, and Goodwin and Committee Members DeHoog, Morin, Rall, Collins, Curry, and Simpson. “NAYS”: None. Abstain: Committee Member Brandes. Absent: Councilors Morgan and Gatlin and Committee Member Fogelquist. The motion passed.**

Chair Brandes stated, we now need a vice chair. Any nominations?

Councilor Lindsay stated, I nominate Frank Morin.

Chair Brandes stated, a second from Jim. Any other nominations? A vote for Frank?

### **MOTION/VOTE**

**Councilor Lindsay moved and Councilor Goodwin seconded the motion to elect Committee Member Frank Morin as Budget Committee Vice Chair. The vote resulted as follows: “AYES”: Councilors DeYoung, Hannum, Lindsay, Riker, Roler, and Goodwin and Committee Members Brandes, DeHoog, Rall, Collins, Curry, and Simpson. “NAYS”: None. Abstain: Committee Member Morin. Absent: Councilors Morgan and Gatlin and Committee Member Fogelquist. The motion passed.**

## **II. Adopt Budget Committee ground rules**

[Recorder's Note: Chair Brandes read the Budget Committee rules/responsibilities out loud]

Chair Brandes stated, the rest are questions and I'm not going to read them all. That is basically what it is. The ground rules are in the back [he also read ground rules out loud]. I'll add one on to that and that is to ask questions when you're getting a presentation [continued reading ground rules].

Committee Member Simpson stated, I have a question on number four because this has come up in previous Budget Committee meetings. I doubt that it will this year. What it says here is that any additional information that we want from City staff has to be by a vote of the Committee. The question I have is are we running a two thirds majority or majority or what. I doubt it will happen this year but it has in the past and it has been controversial at times. I just want clarification on that so we all understand what the ground rules are on the additional information.

City Manager Cubic stated, for Roberts Rules of Order it would be the majority so it would be 51% that would pass that for asking for additional information. It is utilizing ground rules or guidelines. If there is something that would take no staff time at all for us to get back to you we can just make that happen for you. In the past we have had some requests that required hours of research or getting something organized and it might not have been of interest to the whole Budget Committee. We will let you know if that's the case. If it's something we can get to easily we will say we can take care of that and we will jot it down. If it is something that does require a lot of information we want to make sure that we have a consensus among the Budget Committee that it is worth staff's time to do that research to get that information.

Committee Member Simpson stated, that is exactly why I'm raising the question because for those of us that have been here for awhile we have had some issues with that so I just want to make sure that we're all clear that anything that is going to require staff time we need to vote on and approve it as a committee.

Councilor DeYoung stated, for clarification does that revert to number five? Number five is for formal action on key decisions. Would that be considered a key decision? If we have 12 people here does it still have to be 9 of the 12 before you take action and bring back a report?

City Manager Cubic stated, your key decisions, as associated with number five, have to do with if you go to the first part of the page and the first four notes. It is really just adopting the budget and going through that process.

Councilor DeYoung stated, so going back to seeking information, if the majority of the Committee present wants to have something do we have to have nine for item number four or can we just have the majority of the Committee members present?

Chair Brandes stated, I would assume that myself.

City Manager Cubic stated, yes.

Councilor Riker stated, in the past we have had situations where individuals have been approached by the media, such as television or newspaper, and asked specific questions on policies and so forth. I'm sensitive on that and was wondering if we could have clarification of what is appropriate and not appropriate. Even if it's not a written rule just what the philosophy of the Budget Committee is.

City Manager Cubic asked, so the question is, if asked by the press, what is your flexibility to comment on the budget? You are a budget Committee Member. You may be asked to provide comments or information, but you need to recognize, just like you may be on Council and you're a Council member, you don't represent the Council itself. You're just a budget Committee Member and you are just an individual unless you're here in this forum and you're a quorum where you actually are speaking for the Budget Committee.

Councilor Riker asked, do we as a committee, as I said formally or informally, want to say if we are approached in such a manner that we prefer releases to the press to come from the Committee itself rather than from the individuals? I guess I would endorse that so I guess I would like to know if the Committee would like to support that. It does not have to be formal.

### **MOTION**

**Councilor Riker moved and Committee Member Simpson seconded the motion to refer any questions from the media to the chair and vice chair.**

### **Discussion on Motion**

City Manager Cubic stated, if this will be adopted and put into practice the recommendation would be to bring forward any questions to the chair but then also you can refer them to a staff member, the budget officer, or Jay Meredith the Finance Director and we may be able to address that question if it is specific to the budget.

Councilor DeYoung stated, I think it's consistent with item number two which is don't deliberate outside the meetings. Until we come to a conclusion and Council has passed it the budget is really up in the air and we really have no basis to comment on it anyway other than personal opinion. I think it is consistent with item number two.

Chair Brandes stated, before we even vote on it I can tell you if it gets punted to me I'm going to say my personal opinion. That would be the most I would say. I have no idea what will happen in the Budget Committee and you should go to the meeting. Do you see what I'm saying? My vote is no different than yours. Comment on the motion?

Committee Member Simpson asked, would this be amending the rules we've established or is it something in addition?

City Manager Cubic stated, the way the motion read I think it was in addition to the ground rules.

Committee Member DeHoog stated, I think it would be good for us to have some kind of a policy written up so we all understand what it is. I think Rick's point is very good that we may personally have a view on some part of the budget but I think we need to have some kind of agreement that is on paper that defines how we act as a group and how we interact with the media. I've been through more than one of these things over the years and nothing against anyone but I can say something one way and you will find that different people will take that to different extremes. Or the media may take a portion of that and blow it out when you tried to put a...say only in this situation or only when it applies to Fire or Public Safety or whatever. I think Rick has a good point and it is good for us to be uniformed as a group. Even though we may have personal opinions as citizens as a group we need to have a policy that we all adopt and understand even if it's simple.

Chair Brandes asked, so do you want to amend Rick's motion to say that we will get something on paper to follow?

Committee Member DeHoog stated, yes please.

Chair Brandes asked, will the second accept that?

### **Amended MOTION**

**Committee Member DeHoog amended the motion and Committee Member Simpson seconded the amended motion to formalize the Budget Committee's policy on responding to the media in writing.**

Chair Brandes asked, any other discussion on the motion?

Councilor Roler stated, (inaudible) bias but I've never seen reducing the flow of information between the public and the public bodies to be a good thing. If we make it clear it is our opinion I don't see why we can't talk to people or media or whoever it is about what they want to talk about. I don't know if we have to have some formality as far as going to the chair every time they ask a question.

City Manager Cubic stated, by having such a policy that does limit your public ability to provide your opinion. It may add additional questions throughout the community on why they are not answering a question or something along those lines. From a policy standpoint Councilor Roler might have a good point to where you just make sure you temper your response and clarify that you are an individual as a Budget Committee member and it is your opinion.

Councilor Hannum stated, I would like to call for the question.

### **VOTE**

**The vote resulted as follows: "AYES": Councilors DeYoung, Hannum, Lindsay, Riker, Roler, and Goodwin and Committee Members Brandes, DeHoog, Morin, Rall, Collins, Curry, and Simpson. "NAYS": None. Abstain: None. Absent: Councilors Morgan and Gatlin and Committee Member Fogelquist. The motion passed.**

Chair Brandes stated, that is how we'll work.

Councilor Hannum asked, as a point of interest with a 16 member panel what constitutes our quorum?

City Manager Cubic stated, a quorum on the formal actions, which are approving the budget, you do need a vote of nine.

Councilor Hannum asked, that would be the vote but is that also the quorum to make it a legal meeting under Robert's Rules of Order? Sometimes there is a specific number that you have to have to hold a meeting to make it legal.

City Manager Cubic stated, in this case in order to take the formal action and to formally be present you would need the nine to have formal action. You need to have that nine.

Committee Member DeHoog stated, just a quick comment Aaron, third year of doing this, Ferris is asking the same question, Dan is holding his hand up, and we go through this every year. Can we figure out what a quorum is and how many votes we need to move items forward and memorialize that in the ground rules here so next year when we pull it up we don't have to reinvent the wheel? I think we go through a little of this every year. Ferris has been the one that holds up the white flag and says okay guys what are we doing here. I appreciate that Ferris. Can we get all that out of our head and put it on paper?

City Manager Cubic stated, we definitely can. We have memorialized it to some degree. If you look at number five – "Formal action on key decisions will be conducted by Robert's Rules of Order. The process will include a motion, second, discussion, and vote by the Committee. Passage of a motion has to be by the majority of the entire Committee, at least nine, not just a majority of those present. All Budget Committee members including the chair vote on all motions before the Committee." We can try and bolster that.

Chair Brandes asked, any other comments on that?

#### **MOTION/VOTE**

**Committee Member Simpson moved and Councilor Lindsay seconded the motion to adopt the Budget Committee ground rules as amended in discussion. The vote resulted as follows: "AYES": Councilors DeYoung, Hannum, Lindsay, Riker, Roler, and Goodwin and Committee Members Brandes, DeHoog, Morin, Rall, Collins, Curry, and Simpson. "NAYS": None. Abstain: None. Absent: Councilors Morgan and Gatlin and Committee Member Fogelquist. The motion passed.**

#### **III. Delivery of Budget Message**



City Manager Cubic stated, good evening Council, Budget Committee members, staff, and members of the public. Welcome again to the first Budget Committee meeting. As the budget officer I will be presenting the budget message to you today. The budget is much more than just financial figures. I look at a budget as being an analogy of a dashboard for an automobile. You're driving behind the wheel and you have a dash board and you have all sorts of lights and gauges that you're looking at as you're driving down the road. Take just one gauge, the fuel gauge, it gives you an idea of how much reserve fuel you have in your vehicle. By having that gauge there and having that in your dashboard you have the ability to make informed decisions. You have the ability to decide when and where you should be pulling over for gas so you don't run that thing dry. The same thing goes for the budget you will have before you. It really is a dashboard. It is an opportunity for you to get a large amount of information that will help show you how efficient your vehicle is running, which is this organization. It will help provide Council, the community, and the Budget Committee the ability to make long-range decisions and be able to respond to situations that arise. Similar to the temperature gauge coming on in your vehicle the budget also provides that type of information to you.

The budget message – what it consists of today. I'd like to talk about the budget documents and the format. We will talk about levels of services and I will highlight actions we've done to keep costs down throughout the year and what we will be looking to use to keep costs down in the future. We will also talk a little bit about budget parameters and what the parameters are that created the budget. We will provide you with some information and a summary of the budget that you will be looking at in the future. Also, we will give you some information on how we are going to be preparing for the future and what kinds of future challenges we have that will be facing us. This would be a general overview of the budget and we will get into specifics with the departments at the other three Budget Committee meetings. Later on in the budget meeting we will talk a little bit about some of the capital projects specifically.

The first part we will be talking about is the budget message and the financial summary. In your book you'll have this budget message. It is a general overview of the City, what kind of shape the City is in, where we're going, what obstacles we've had to address, and what our outlook is for the future. We will be talking about the strategic plan and it's in your binder. The key with the strategic plan is, if administered properly, it drives the budget and we will talk a little more about that later. The budget also has a City overview where you have an opportunity to get some more information specifically on this organization in our community. The budget book

also talks about our budget process and our financial policies that the City has established. Following that are the department budgets that we will be going over and these are all tabbed out. Following that is the capital construction, the lands and buildings items. Also in the book there is a PERS tab and after that is the appendix. That is in essence what your budget book is and what information it holds.

I wanted to highlight some of the budget format and changes that we have done this year. There are new location guides at the beginning of the book. There are several table of contents by budget, by department, and alphabetically. There have been some changes to the Public Safety budget. In Fiscal Year 2015 you might see some numbers changing as we get into Public Safety later on in the budget cycle. Street lighting was moved to Transportation where it used to be in Public Safety. We also created a new division called the Sobering Center which you will hear more about later on and that was put into Public Safety so there was an additional requirement there and expense for that. There is also the PERS tab which was discussed at the Budget Committee meeting and at Council level and so staff put that PERS tab in there to address some concerns and questions the community had with regards to the Public Employment Retirement System. One of the things I wanted to note, because it is that the discussion item out in the community right now, is that the jail services contract, which we currently have right now as we've had a contract for additional jail beds for the past two years, is not part of the recommended budget for Fiscal Year 2016. There is not a jail service contract in this budget that is proposed to you. That is in correlation with policies that have been adopted by Council in the sunset of our jail utility fee.

The strategic plan - I'm going to briefly go over the strategic plan because I have a special presentation in more detail for later on. The budget process really starts with the strategic plan. It is a process that engages the whole community and that process then guides the budget. Council has received information from constituents, citizens, commissions, committees, task forces, advisory groups, staff, and then their own input to ultimately develop a strategic plan which is been prioritized. Council has a workshop where they work for three days and volunteer their time to come up with the strategic plan that prioritizes all the objectives and actions and it is prioritized by one, two, or three stars. You'll see later on in this presentation and in the LB project presentations how they link to the strategic plan. One of the things that was clear that came out of the strategic planning session was that Council desired to keep the same level of service that we currently have throughout all of the levels in divisions within the organization. In

order to do that this year there were some minimal changes that were required that are represented in the budget. There is actually a 7.525 FTE increase in the budget this year. What that represents is the addition of 6 FTEs in Public Safety and that was specifically in response to an ICMA performance audit recommendation which will increase our ability to serve the community. For instance, with the new sergeant and two patrol officers and a couple other FTEs to help with the efficiency in effectiveness of our Public Safety system and you'll hear more detail about that during the Public Safety presentation. Also, there has been an uptick in services that we have had to deliver when it comes to Parks and Community Development so there is a one FTE in Engineering to help with that upswing in development. The capital project budget does follow the Council work plan and meets the highest priority needs. We've taken the resources we have available and linked directly to the strategic plan and the highest priorities in the strategic plan.

I want to talk about the same level of service for the same tax level that we are speaking of. The City has a permanent tax rate of \$4.1335 per \$1000 which collects about \$11.4 million. We also have a Public Safety levy at a \$1.79 and there are three more years left on that levy and that levy has had that rate for nine years. That raises about \$4.9 million. Both of those items go directly to Public Safety and only to Public Safety. We also have a bond of \$0.40 per \$1000 and then we have our property tax rate total of \$6.32 which is about \$17.4 million for the general fund. All property taxes go to Public Safety so that is \$5.9235 per \$1000 goes to Public Safety. In Fiscal Year 2016 some general fund reserves and general fund support will ultimately go to Public Safety with the current tax rates that we have. This was a conscious decision. When Council was looking at the levy they wanted to make sure they held the levy at \$1.79 but it came with trade-offs. There was going to be required some general fund revenues to help support Public Safety. Years ago that \$1.79 along with the property taxes supported Public Safety but over time inflation and costs have out-paced that and so we have to subsidize, to some degree, with the general fund.

I want to talk a little about some efficiency actions we have taken. We have done a number of things and we are always trying to look at ways we can be more efficient. Staff participated in insurance planning and took what we were originally looking at of a 20% increase in our insurance rates which was astronomical and we were able to negotiate down closer to 7% which was a huge win for us. That was a real benefit because it's one of those things that is hard to control. Community Service Officers are an essential part of our Public Safety

Department as they help relieve police officer duties, which ultimately builds efficiencies, and provides for more community patrol. Also, we utilize student firefighters which provides additional staff savings in the Fire Department. We use temporary help to fill in during the summertime when we have the ability to do that with special projects, Public Works projects specifically, and projects out in the parks when the weather is nice. We use community service workers. We continually, across the board in all the departments, turn back budgetary savings from our operating budgets each year which definitely helps. We maintain good relations with the unions. From an efficiency standpoint if you have good relations with the unions you have fewer grievances and fewer grievances are better efficiency when you do not have to deal with the grievances administratively and potential costs associated with the grievances. Also, we have a competitive compensation and salary schedule. From an efficiency standpoint that is extremely important because if you continue to have turnover because you're not competitive within the market it is extremely inefficient to continue to hire people and then lose them a year or two later. To be able to have something that retains quality employees is key to efficiency within the organization. Bargaining units - we have four bargaining units within the City. GPEA is in negotiations right now, that is our General Public Employee Association. We have our police association which is in new contract negotiations starting now. The Teamsters recently completed their contract and the Fire Department, IFF, is going to be up for negotiations also. This is another key thing that management consistently works on with the bargaining units to try to keep costs down to try to give a good perspective of what is good for the organization, both the union association and the organization and community as a whole. We did not fill certain vacancies and we do have some unfunded positions that have been created over time when we went through the downturn. We have 217 net funded positions for fiscal '15 and with the increases I talked about briefly earlier we would be up to 225 FTEs. We have in the books about 20 unfunded positions. Two years ago we went through a reorganization that was really important with regards to efficiency and effectiveness within the community and the organization. We eliminated a department director position, Parks and Community Services, and we reallocated those duties across the board to a number of different departments. For instance Administration took over leadership of Property Management, Information Technology, Tourism, and Downtown. Finance took over the leadership the Fleet, Equipment Replacement, and Grant Management. Community Development took over the leadership of Parks and Recreation and it was ultimately renamed Parks and Community Development. With that change we were able to save a good amount of money every year and from then on it just compounds. Technology is a big item nowadays on how to save efficiencies which ultimately

saves money and FTEs and hopefully provides a better service to your constituents. We've done a number of things such as websites. We have a new website and if you haven't gone on lately take a look at it. It reduces staff time in producing documents. It's a huge amount of information and it is a wonderful database for information. We can refer people to the website and they can pull up all sorts of different documents there instead of us having to pull them up and print them to give to them. It also enhances our advertising coverage. We are able to advertise on the web, through Facebook, etc. which helps reduce some of those advertising costs and associated staff time and that also. Also due to the technology we have reduced handling time for checks received and payments issued. We have reduced travel time and administration time through the use of our CAD and MTE systems for officers. We have online City lien checks. We have a great GIS system that is able to be used by the community. We are still the process of our major project which is the upgrade of our total system which is going to provide us with a lot of greater efficiencies in the future. The efficiencies will not only be for the organization but also for the community where they will be able to do certain E-permitting within Community Development which will save a lot of time and money for developers out there in the community. This is a long-range project. It's not something they gets done in a year and we're still looking at another two years before we really get the project totally done and are familiar with it to where we can efficiently operate with that system. Another thing we do to keep costs down is we are always looking for grants. I wanted to highlight a couple of the grants we have been utilizing that are represented here. We have a grant that we've received for the past couple years for \$86,000. That provides a staff person for our Fire Wise program which benefits not only our organization and our community but our surrounding area. We have fund capital of \$422,000 for vehicles and seismic upgrades at Hillcrest. We have funds for sidewalk projects at \$1.7 million from CMAC allocations. We also received \$207,000 through the Energy Trust for UV disinfection at the wastewater treatment plant. Also the \$1.5 million which is a block grant for the food bank warehouse. Other actions we have taken - In recent years to improve our financial position we have developed a number of policies. Whether it be ending fund balance contingency or investment policies the fact is Council and staff over the years have developed and adopted effective financial policies which ultimately lower our bond cost because we have been shown to be fiscally sound. It ultimately helps with keeping our costs down.

What are the parameters for developing a budget? We do have parameters. As I mentioned before the strategic plan is a big part of that. The principles associated with that and with the principles that we've adopt and the capital plans. We maintain our current service levels. Staff

holds the line where possible. There are some inflation expectations that do affect some of the budget expenditures but where we can hold the line we do. There are some costs that are out of our control, for instance natural gas. We look for both short and long-term savings. Utility transfers – all extra resources to capital project funds after the 25% required operating contingencies provided. Again, that's a budget policy so anything above the 25% goes strictly right into the capital projects for those utility funds. Achieve a productive and efficient budget process similar to last year – these are our goals and parameters.

Personnel is a large portion of a city. There are some assumptions that we have utilized and across the board our personnel is the same for all categories and all divisions. We have inflation, health insurance, billed PERS rates, workers comp, etc. and they are all based on individual bargaining agreements and legal requirements. We have those four bargaining units and they are each a little bit different in compensation. All expenditures related to personnel are recorded either as wages or benefits in your budget. You will have your personnel services, wages which is the salaries, and benefits which are all the non-personnel amounts such as your workers comp, your payroll taxes, etc. PERS is another personnel parameter we have to address. It has been a statewide issue for quite some time and there were significant changes made back in 2003. PERS technically has three tiers now - Tier 1, Tier 2, and Tier 3 which is (inaudible). Most people can say they have fixed the PERS system with Tier 3 the (inaudible) the issue is we still have liabilities from Tier 1 and Tier 2 that we have to deal with. The state legislature made some changes in 2013 which deferred significant rate increases for four years which was a real positive thing for our city. Unfortunately, just recently the State Supreme Court overturned those. Within the next two years we are going to be looking at some larger increases in PERS. The positive is that many years ago one of those financial policies that are good that keep our city well above many others is we did establish a PERS reserve. In Fiscal Year 2015 we've established a PERS reserve that represents \$2.8 million and it's going to grow little bit more this year. It is where we are actually collecting a little more than what PERS is asking for. We've had that reserve and it will be beneficial to us. Unfortunately now with the Supreme Court ruling we are probably going to have to utilize that reserve and draw that down to help offset the increases that we are going to be seeing after 2018. For more information on PERS there is a PERS tabbing your budget book and please read up on that and we be more than willing to answer any questions you have also. Healthcare costs – they're cyclical in nature. We've had a couple good years where they have been a little lower. We usually try to budget for about a 10% increase each year and that is about the average we've seen. This

year as I mentioned before were looking at a 20% increase which would be hard to swallow and we were able to negotiate that down to slightly less than 7%. Our organization has done some other things which are really big. I want to make sure that credit goes to some of the staff because staff does recognize the difficulties we have with the budget. A change was made in January 2013 which saved the City over \$200,000 per year from 2013 on when we were able to discuss with the employees a change in our health care coverage. Changing the coverage itself which actually reduced the cost of that and we were able to get that into the bargaining units which is a huge win. That shows the recognition staff has with regards to some of the difficulties that we have that will be facing us in the future. Of course we have inflation and low inflation assumptions are built in to the wage budget. As you all know inflation is relatively low right now. Workers comp insurance – a number of cities are not self-insured and we have chosen to be self-insured. There are no rate changes to our self-insured for workers comp. It's a slightly lesser rate for many departments compared to most recent external insurance quotes. We go out and quote it every once in awhile so we know if we're doing well or to see if maybe it's time to not be self-insured. We are starting to draw down our fund balance slightly and so we will continue to revisit that and at some point in time we may want to re-consider been self-insured. Negotiations – just to let you know almost all nonsupervisory employees are part of one of one of our four bargaining units. Like I mentioned three of those four bargaining units are actively in negotiations this year.

The budget summary - let me talk about what is in your book itself. The budget summaries can be found toward the beginning of the book after the budget message. The operating budget is how much it costs to run the day-to-day operations of the City. It includes the internal charges but it does not include things such as ending fund balance, transfers, and contingencies - the things that are there and are very important for the budget. You need to have a contingency and you need to have an ending fund balance but that is not really what it takes to operate the budget. That is sort of similar to a household account, you have groceries for this amount and gas for this and this, but I also have a certain amount in my bank account that I save. That is not what it costs to operate your household. The operating budget is just that. What does it cost to operate the City? The operating recommended budget for Fiscal Year 2016 is \$34.6 million. To break that down so you have an idea of what that \$34 million consists of as mentioned before personnel is our largest expense at 57.6%. Then you have contractual services at 22.3%, direct charges for services at 6.1%, capital outlay at 0.4%, indirect charges at 8.9%, and materials and supplies at 4.7%. The total budget which includes all of those

internal services, all the carryovers, the contingency balances, and the capital project resources those resources in order to do those capital projects is \$118,876,804. That is an increase from last year of \$4.6 million. Most of that is due to changes in higher capital construction activity that is going on in both the water and wastewater enterprise funds. As you may be aware there is a lot of capital activities that will be occurring in Water and Wastewater with regards to either new plant replacement or plant expansion and you will hear more about that when we talk about plant budgets later on. The total budget for the City – you have your operational budget at about \$34 million, you have the total budget including everything, your household savings, expenses, car expenses, etc. as an analogy. The general fund represents 29%. The general fund is Public Safety, some Administration, and some of those activities that are all under general fund and Administration. You have your enterprise funds, water, wastewater, transportation, etc. and those utility funds are what we call enterprise funds. They are basically in essence made to operate off of user fees. We then we have capital which is that banking money at 20%, special revenues at 7%, debt and internal trust at about 19%, and miscellaneous at 19%. We always budget for full capacity, full employment, full purchase of materials and services, etc. However, the wonderful thing is that there is some return. As I mentioned earlier one of the cost savings is under-spending some of the budget. We do have under-spending and the departments are really good at that. They understand and realize the importance of not spending the budget if it's not necessary or required. The fact is, on the books we may have a department that is supposed to have 20 FTEs throughout the year but many times due to transition, retirement, or someone moving on we have a vacancy. Then we hire someone that comes in and they are sometimes hired at a lower step or something along those lines which ultimately saves us money because there was a vacancy for 1-3 months and then they may be at a different step than the previous employee. Those kinds of funds are there and those are partially what make up some of that turn back that we have. The operating budget for fiscal 16 is 1.5% above the Fiscal Year 2015. The increase is due to the following reasons: 1) the competitive wage study adjustments that we've done with the bargaining units, 2) the increases in health insurance that we talked about, 3) the staff additions in Public Safety that I discussed earlier, and 4) the higher utility costs in certain areas. Some of the increases have been offset by the removal of the jail services contract which was about \$972,000. You may recall we did do an annexation. It was on the ballot and it passed. That annexation added some additional revenue through property taxes and through state shared revenues, which we will talk about a little later, due to the population. That has ultimately helped with our budget also. It is hard to determine how we are doing or compare city to city, but one of the comparisons that I find



somewhat understandable is if you compare costs per person over time with the delivery of service. If you look at this graph it shows the city population going up throughout the years, that is the pink line, then you have the silos that represent the operating cost per capita. If you notice the population is going up much faster than the operating costs, which is a positive. It means that even though our population is going up we are able to maintain and keep service levels at a level where our costs aren't going up as fast as our population growth. That ultimately drives down that cost per person which is a favorable number to look at.

The City has a big emphasis on efficiencies and technology, as I mentioned. We have efficiency through lifecycle replacement funding so we are always trying to be ahead of the curve. Our enterprise resource planning - that business management software replacement that we are in the process of replacing right now is a multi-year project and includes all finance accounting functions, HR, utility billing, and includes pretty much the whole system the City utilizes. Ultimately we will all be on that one system and it will be a win to the community. It will provide additional resources to the community that they didn't have with our previous operating. There is a large emphasis on Council's adopted strategic plan within the budget as the general fund and other capital funding goes to the highest priorities within the strategic plan. Utility and transportation infrastructure, the new UGB, our economic development strategic planning, and others described in the LB Capital presentation you'll see all have a direct correlation with revenues associated with what the strategic plan is and the priorities in the strategic plan.

General fund capital transfers – capital is limited to the savings we have transferred from leftovers from previous years. The general fund capital contributions are up slightly this year but will likely decline in the future. This year the general fund was able to continue matching contributions to the Public Works projects in the amount close to the fee in lieu of franchise revenues. Let me take these two right here. What happens is through the strategic planning process we prioritize our actions, they move forward into a work plan, and we go to budget. We have some of that under-spending we talked about whether it is through vacancy in personnel or some other things or not spending so much on materials and services. Then we allocate new resources to the new budget and anything left over in those savings goes to those high-priority items in the strategic plan. There are also some funds that go into the general fund which are our franchise fees. We have franchise fees for Charter and Avista and all of our franchises. We also have franchise fees to our own enterprise funds like wastewater and water. It has been an unwritten policy in the past that the City takes our franchise fees that we get for Water and

wastewater and those go back into capital projects for Water and Wastewater. This way the Council can say strongly to the community all of your money that you pay on your utility bill goes straight into the operation of that utility. Even now if it's a general fund dollar it gets rolled back into that for capital projects. Property taxes - we talked a little bit about what our tax rate is now let's talk about our assessed value and what that looks like. Our assessed value is up 6.2% in Fiscal Year 2016 for the following three reasons: 1) an increase in annexation now we have more property which translates to more value within the city, 2) the 1.5% increase from existing properties, and 3) a 1% increase from an increase in new construction. Our permanent tax rate is the same at \$4.1335 with our Public Safety levy at \$1.79 and those are now gaining additional revenues because of that larger tax base. We talked a little bit about enterprise funds like water and sewer funds and some park funds and some transient room tax dollars for Travel and Tourism and those kinds of things. Then there is what we call general funds. General funds are really the only discretionary revenues available to the City Council and Budget Committee. What I mean by that is you are a rate payer and you are paying a certain amount on your water bill and that has to all go to Water. City Council of the Budget Committee can't say there is \$2 million in the water fund let's take some of that and let's fund a new park. That cannot happen it's against the law. The only funds that are a two-way street all over the board are the general fund dollars. Everything else is very specific and can only be used for that sole source. The free-roaming money is the general fund money. That includes things such as Public Safety, Parks, general fund capital transfers, and others. From a business tax standpoint which represent some of the general fund dollars it's relatively flat. Our franchise fees are up slightly. Our fees in lieu of franchise are up slightly. Our state shared revenue such as cigarette tax, gas tax, etc. is also up slightly. The way those work is they are based off of population so when we annexed we gained more population which then increases the state shared revenues we receive. One of the arguments for or against annexation is you do get more population which then provides you with additional state shared revenue. Our investment interests, as I mentioned, are relatively low. Transient room tax has increased slightly which is a real positive. That means we're still maintaining and increasing those people that are coming here and staying and recreating and visiting our wonderful community. The total general fund discretionary revenue is \$4.93 million. We do have some other revenues as I mentioned user fee revenues. All utility rates such as water and sewer are all tied to a CPI for annual changes including the transportation fee. There was an increase to water rates which was phased in over 2013 and 2014 and an increase to the Water revenue starting in 2014 from taking in the Redwood Sanitary Sewer District. The revenue increased but the expenditures also increased

so it was basically a wash. Here's a graph on our operating revenues. We have 42% from property taxes, 36% from fees and charges, 10% from taxes other than property, another 10% from revenue from other agencies, miscellaneous is 1%, and licenses permits and fines are also 1%. Primarily we are getting revenue from property taxes and from fees and charges.

Performance measures are also highlighted in your budget book. When you go through and we start talking about departments and you look at that there will be some performance measures. The importance of performance measures is it tracks inputs, outputs, efficiencies, and outcomes. It provides us an opportunity to track how we're doing and measure our efficiency. What we've done is we've linked to the International City Managers Association who has some performance measures. We are trying to continually build on that and track data and report that data so we compare ourselves with other municipalities of similar size and shape. That will give us an idea of how we compare and rate with other communities. Also, there is the capital projects page in the capital book and each project lists the strategic plan objectives. There'll be a direct link that and how it is related to the Council goals. It's important as we go through the LB projects later this evening you will see a direct link to the goal and the expense in the project to the strategic plan and the ranking in the strategic plan.

Preparing for today and the future – we have seen an increase in activity in Parks and Community Development. They are staying very busy with both commercial and residential activity we have had an uptick in commercial activity and in residential and we believe some of that was due to a reduction in SDCs for Parks and Transportation. It was an economic development driver that Council wanted to try out and we believe it was successful in bringing in new development in a certain timeframe. Subdivisions are starting to come forward again which is a positive. We have refunded one engineering position which I talked about earlier when I talked about there being seven new FTEs, six in Public Safety and one in Engineering. That is to help address those increased activities that we're seeing now. Building is projected to draw down its restricted fund balance just slightly. Building subsidies from the general fund ended in 2013 and it's not needed this year which is a real positive because we had to subsidize the Building Department in the past. There are still only two FTEs in Building and contract help is what we also utilize and will ultimately be needed. We do all of that in the Building Department with two FTEs. Another thing we've done is the financial policies. They help drive the budget. The policies on contingencies, ending fund balance, minimum transfers to capital and utilities, equipment replacement funds, and others are all funds and policies that have maintained us

staying healthy. Contingencies can be used in any amount without Council's approval in a budget adjustment. Those contingencies, that savings that we have in essence, are there to be utilized only in an emergency. There are not there for us to just use. If we find we find a contingency is needed for an emergency purpose it goes through Council throughout the year and Council processes if those contingencies are used. You will see throughout the budget that the departments all have some form of the contingency amount and again that amount is not projected to be used unless an emergency arises.

This is a graph that has been getting better and better over the years. In the past we have had green, yellow, and red. Two years ago the majority of the departments were green and yellow with one or two red. This year I am pleased to say we are green and yellow. Green is meeting those financial policies we have and yellow fails to meet in only one area. The one area that the Engineering, IT, and Garage Operations are failing in is they are just slightly under their ending fund balance for the policy recommendation. The one key note which is at the bottom of the slide which I think is the is important to say is although general fund, Transportation, and Water are all green it doesn't mean they are fully funded and ready to go and can hit everything in their master plans. It excludes, unfortunately, all the infrastructure that is needed such as the new plants, new lines we need to redo, or the streets and those items. It does not take in that.

We are facing a number of challenges ahead. I'm sure you are aware of some of them. Services available from the County that the City relies on to keep citizens safe, considered the criminal justice system, is still unknown. I know there is a levy out there but it still unknown what the outcome will be. That will be a challenge for the City whether fails or passes. Permanent funding solutions for Public Safety Department is going to be a challenge that we will continue to face this until we find a permanent funding solution for the operations of a permanent service the City needs. Public safety staffing challenges and work load - through the PAVE program, which is our Performance, Audit, Visioning, and Enhancement program, a committee that Council established, an operations plan was made where we were able to take a look at the deficiencies in the organization in that department. Also we can build on our strengths and figure out what steps we can take to move in the future to make it even better efficiency-wise. What that study did show is that we are understaffed greatly. We've been amazingly operating with the staff that we have at an excellent level. We do need additional resources in Public Safety. Another challenge we have is we are the hub for Josephine County. We are the county seat. Although our population is just around 35,000 our population during the day greatly

increases to around 50,000 people per day. That surge requires a surge in services. It requires us to be able to make sure that we can service that type of population even though that population is not truly a resident within the city. That is always a challenge. How do we do that with the resources we have and then expanding our quantity and quality to serve the growing need which I mentioned. Other challenges are utility infrastructure. There are some significant issues with our utility infrastructure. There are some they can be seen and some that can't be seen because it's under a road, it's a pipe that's hidden. We need a new water plant and we're looking at expansions in three different phases for our wastewater plant. We need regular replacement for a number of our utilities. We need to update our master transportation plan and we are going to be working on that which means we will be looking at a new transportation system and a master plan which means new projects that will go on the master plan. Also, because we are now considered an urbanized area, a population of 50,000 or more which includes other cities in our area, we have to follow certain Storm Water utility requirements. We are actually going to have to be looking at developing a Storm Water utility and the costs and the program associated with that. Those are all relatively big ticket items like we haven't seen before in the past. \$50 million potentially for a water treatment plant is probably the biggest capital expenditure the City has ever faced in its history. Other challenges we have in front of us are continually managing healthcare costs. We have made great efforts in changing our health insurance and reducing that. Another thing we were able to bargain in through the bargaining units, to give credit to the bargaining units and staff, is we were able to put language in for cost sharing of increases in health insurance. That ultimately means they are helping share the cost of larger increases in health insurance and one of the positives about that also is it puts ownership on their own healthcare because they may have to bear that burden. That will ultimately help reduce our healthcare costs in the future. We need to make sure we try to stay competitive wage-wise so we can retain those quality employees we have to get us through the many challenges we face in the future. PERS of course is an issue. The rules seem to change with PERS. We think it is going to go one way then it changes but we will do what we can to meet that challenge.

In summary, past Council and staff actions have really put us in a good position. The City is financially healthy. We are facing a number of internal and external challenges and we think we have the tools to meet those challenges. We recommend we continue the fiscally conservative, sound financial practices we have. We have presented a balanced-budget. The capital budgets address the major technical issues and Council priorities. We will continue to work to

meet the challenges ahead of us to try to maintain the service levels that everyone has become accustomed to. The general fund and other major operational funds are fiscally healthy. We will continue to review utility rates to make sure that infrastructure is properly maintained and necessary plant upgrades can take place without excessive debt financing. We will need to review, monitor, and update our rate structure for the three internal service funds - IT, Engineering, and Garage. As I mentioned those were the ones that were in the yellow that needed some additional assistance. The planning for the new water plant has just begun. In conjunction with the new UGB we now have to revise all of our master plans. I mentioned transportation but that is just one of the many master plans that we'll need to update to now incorporate the new service areas we will be providing service to potentially within the next 20 years.

I would like to conclude with a big thank you for the teamwork and the commitment of you as volunteers as citizens coming to the table to help make this community great. A thank you to you as Council for all the time you've put in. Also thank you to City staff for the development of this budget. Without you it could not happen. Specifically, thank you to the Finance staff as they have been swamped both with budget and then this new awesome financial software program that we are going to ultimately have in place and running smoothly in the near future. Between all those things Finance has been really doing a great job and working very hard. After Council adoption this budget document will be submitted for our 31<sup>st</sup> annual GFOA distinguished budget presentation award. I think there is only one other city in the state of Oregon has had it longer than us. There is only one public agency that has had it longer than us. That is a great accomplishment. With that I would like to conclude my delivery of the budget message.

Chair Brandes asked, are there any questions for Aaron?

Councilor Riker stated, you indicated in the slides that the previous budgets when you just look at the basic budget of \$30 million it is going up to approximately over \$34 million for Fiscal Year 2016 which is essentially over a 10% increase. Do we have the information in here showing where...in fact maybe one of the slides in there...you said we're already seeing a 7% increase in revenues to cover that differential. That would leave us a liability of 3-4%. Is it implied that 3-4% would be coming out of the general fund and is most of that 3-4% reflecting the new positions in Public Safety?

City Manager Cubic stated, you're right that larger increase is one of those issues of the seven FTEs with six of them coming from Public Safety. We are actually seeing a smaller draw down on the general fund than we were expecting so we are financially in pretty good shape. Part of that was the under-spending we've been doing, the turnover, (inaudible) one-time expenses, additional revenues we've had, and the annexation and additional revenues that have come in from that have all helped off-set some of those increases.

Councilor Riker asked, so is that easy for us to look at in the book and see that summary or do we pretty much have to learn how to pick it out of here?

Finance Director Meredith stated, I'll elaborate on that answer as well as point you to a section in the budget book that gives you a summary of those changes. Right in the beginning of the book there is a section in the budget message called Summary of Changes, a highlight of operating changes and total budget changes from year to year. It is right about in the middle of the budget message itself. You can read up on that. What you saw was there is a difference when you close a year. You are going to come in under budget, but when you compare actual of a previous year to budget of a future year it is going to look like a bigger increase than it really is. The actual increase in the operating budget from the current year to what has been recommended for next year is only 1.5% in the operating budget. The \$30 million figure you looked at was fiscal 14 two years ago and that is actual, not budget. We always come in under budget so the difference is not really going to be the rough 10% you were thinking it was. The increase in the general fund revenues is really closer to 4-5% this year. Some of that is due to normal growth and some due to the annexation that was approved last November. What we found when we put this year's budget together is the additional revenues matched up very closely with the additional expenses that are part of this budget. Obviously, it costs more to serve a larger city so over time that tends to balance out and this particular year it balanced out very well.

Vice Chair Morin stated, you mentioned the annexation. I know there are some costs involved in that, additional revenues for the additional tax base, have you found the annexation to be a net positive financially for the City? I know it is a net positive as far as the strategic plan but has that been more of a burden or more of a plus for the City, financially speaking?

City Manager Cubic stated, I think ultimately it is more of a plus because one of the things we've done is we've had good planning in the past. For instance, delivery of service-wise if you take a look at Redwood Fire Station most of our growth is happening out there and a lot of UGB is out there so we've done planning in advance of this new UGB expansion that has allowed us to have a service level already that is there. If we annexed a large section and we didn't have something in place like that then that would cause an additional burden. I think because of the good planning we've had in the past we do have the ability, not without some pain, to have the additional services. From an infrastructure standpoint we were in pretty good shape from a delivery of service standpoint.

Councilor Roler asked, under the jail fee on the utility bill - now it is going to go away but outside of that are the utility rates going to be charged into Fiscal Year 2016 the same as this year?

City Manager Cubic stated, there is a COLA associated with all the utility rates as our financial policy states so that would be the change that you would be looking at.

Councilor Lindsay stated, Aaron you brought up a very important subject I've been hearing a lot about. The citizens of Grants Pass are really concerned about efficiencies in operation. I'm grateful to see there has been a concerted effort to keep costs down. I appreciate that very much and you did identify some of those things so I think the public can be partially satisfied and hopefully entirely satisfied with the effort that has been made to ensure costs are being monitored as closely as possible.

#### **IV. Receive the Budget Document**

City Manager Cubic stated, you have received the budget document and it is there in front of you along with the capital document.

[Recorder's Note: Committee Member Rall left the meeting at this point]

#### **V. Overview of Strategic Plan & related Capital Projects – Lands & Buildings Capital Projects Presentation**

City Manager Cubic stated, this is where we finally start to get into it. You have the broad overview and that was good information but now we start to get into a little more of the meat and potatoes, at least the start of it, with the lands and buildings capital projects. The first part of the



presentation is going to talk a little bit about the strategic plan and then are going to go straight into the lands and building. My hope is you will see a direct correlation with the strategic plan and how it drives the budget. I really think of the strategic plan as a GPS system where you plug in an address then you go and it provides you with guidance on how to get to where you're going and –

Chair Brandes asked, would you give us an idea of what page you're going to be on as you go?

City Manager Cubic stated, yes I will, they have page numbers. So I feel a strategic plan is similar to a GPS system. It guides you on where you want to go and how you want to get there. You might want to go off somewhere else so you plug that in and it'll get you and reroute you. Like a map on the GPS sometimes you get to an area and it says turn left but you can't turn left because there is no road there. But if you have the GPS and you have the map you can see if you just go over here you can change your route and it will reroute you and you will get to the spot you wanted to go. Strategic planning is similar to having an intelligent GPS system. It is a map of where you want to go and how you want to get there and the neat thing about a strategic plan is the process. The process of going through a strategic plan provides you with that equity and that ability to make changes on the fly when emergencies come up. You have that knowledge and you've gone through that process and you can better relate to the unexpected when you have a strategic plan.

There are a few steps involved in the strategic planning process that we do here in the City of Grants Pass. It starts with the Council doing a state of the City review. This is where they get input from as many people as they can. We have online surveys, community forums, we work with all of our commissions and committees and have them submit their goals and their desires, we ask for comments on radio shows, etc. Council also develops their own goals and what they would like to see. Then we go through an actual strategic planning process. It's a three-day process where we go through and look at all those and discuss them and prioritize them and ultimately adopt a strategic plan. From there staff takes the strategic plan, your goals and desires, and we develop a work plan. The work plan guides us on how we're going to get to where we want to go. From there the work plan really drives the budget. That is where we are today right now. The Budget Committee appropriates resources which ultimately funds the work plan which ultimately staff implements. We monitor our successes and we actually make progress on our goals. One of the benefits and strengths of our work plan right now is we use

what is called the S.M.A.R.T. format. In our work plan we have a goal. You might have a goal of a restroom at Tussing Park. That is a good goal and that is something we're actually doing, but in order to get there what steps does it take and what is required? This helps drive the budget. With every goal, action, or strategy that Council comes up with we apply specific action, a measurement, how is it going to be achieved and who is assigned to it, we determine what type of resources are required to make it happen, and then what time frame is it going to take to make that occur. This way we can track our progress and we know where we're going and how we are getting there. Council has the following eight primary goals:

- 1) keep citizens safe
- 2) provide cooperative shared leadership involving Council, staff, and the community
- 3) encourage economic prosperity
- 4) expand tourism and cultural opportunities
- 5) promote healthy neighborhoods
- 6) facilitate sustainable manageable growth
- 7) maintain, operate, and expand our infrastructure to meet community needs
- 8) preserve and enjoying natural resources.

From there the goals are broken down even further into 30 objectives. Those objectives are then broken down into 154 actions. That is the work plan as it stands, right now today. That is a living document though because some things will come up. That road may be closed and we will have to do another route somewhere else. Those objectives and actions change based on Council's priorities and in response to community needs.

Council prioritizes those work plan items at three levels – 1-star, 2-star, and 3-star (highest priority, most important). I want to go over some of the priority actions so you have an understanding of what is there. Not all of these will be represented in today's LB projects but you will hear the majority of these coming through the budget process. Some of what is mentioned here does not require budgetary resources. It may require some staff time or some planning so you may not actually hear or see some of these go through again. However, if it requires budgetary resources you will probably hear something of these again in the future. These are the top priorities. These are the 3-star items that came out of the strategic planning process:

- explore Public Safety options for a new station
- explore alternative funding options to property taxes that equitably allocate the cost of services

- identify annexation areas for 2015
- include Back to the 50s and the Christmas Tree Lighting to the Tourism calendar contract or ultimately to the Town Center Association
- tree lights downtown year-round
- explore the improvement of north Grants Pass coming off of I-5 and the visual appeal of sight and sound in that area
- partner with the homeless and transient service providers to explore the feasibility of a centralized service delivery location which is most compatible with the community
- add a sergeant and two officers to establish a special detail – represented in some of those 6 FTEs discussed about earlier
- participate in the pursuit of a sobering center
- water treatment - acquire portable water treatment equipment to provide drinking water if the water treatment plant is damaged or unable to produce water
- develop gateway signage and landscaping
- improve and update the development code

Those are the 3-star items. Some of the 2-star items and some of the other higher priority items are:

- fully operate Public Safety shift positions at the target service levels
- expand the use of video cameras on City grounds and on City parking lots
- add a drug sniffing canine
- hold quarterly town hall meetings
- implement a City Leadership Walkabout program
- encourage and seek out to younger generations to volunteer
- the City will be a model for government efficiency
- work with the Middle Rogue Metropolitan Planning Organization, which is a new organization established because we are an urbanized area, to study alternative fuel sources for local fleets such as City, County, school districts, refuse, and haulers
- improve dispatch records - an ICMA recommendation that came out of the PAVE program
- explore the pursuit of Lexipol – another ICAM recommendation
- help establish a business incubator

- review and refresh the cities branding and remarketing – in progress and some may have heard of those efforts
- develop Building's safety inspection permits process
- create generic, infill, fill-in-the blank, detached shop and garage projects for owners to use at no charge
- create online permit applications
- complete Tussing Park phase 2 by completing the restroom
- evaluate and expand soccer fields through the Soccer Task Force
- promote local developers and contractors
- comprehensive water treatment and wastewater treatment funding strategies
- establish system development charges and levels that promote both economic development and the development of infrastructure
- acquire portable generator for pump stations
- interconnect bicycle trails
- evaluate options at Reinhart Park for converting irrigation system that has been causing problems
- continue identifying and implementing additional off-street pedestrian and bikeway opportunities
- add a restroom at Fruitdale Park

Those are some of the high-priority items that Council has deemed important and are in the strategic plan and that have driven the budget.

Now we are going to review all the lands and buildings capital projects that require new funding allocations of \$50,000 or more and then all new LB capital projects. What you have is a basic description within the budget along with the funding source, where it comes from, and that's what we're going to talk about today. Some projects use restricted resources while others are funded by the general fund. Allocations of general fund dollars are limited by the savings that we had in recent years and are returned to complete those projects. Public Works capital projects such as water, wastewater, transportation, storm water, and solid waste will be reviewed during the Public Works operational capital budget presentation. Those are mostly funded by restricted utility funds. For the lands and buildings capital projects we are reviewing \$575,000 of discretionary funds are recommended to be transferred to utility projects. As I

mentioned earlier in the previous presentation we do collect franchise fees and it is recommended we utilize those franchise fees from our general utilities to go back into those utilities for capital improvements. Another recommendation is that an additional \$370,000 be transferred from the general fund to the Transportation capital program for the Terry Lane project that Council recently deemed a priority and we are working on. Approximately \$825,000 of the recommended new general fund dollars transfer to capital project are reallocated. The funding summary at the beginning of the recommended capital budget book shows the funding types and the allocations. For instance, gas tax (inaudible) general fund, system development charges, transient room tax which is Parks projects only, utility capital funds, or other miscellaneous funding sources such as grants are all defined in your capital book. Let's take a look at the first LB project. LB6272 – Redundant Disk Backup System - page 196 in your capital book. This project represents \$80,000 of general fund dollars and provides for the purchase and installation of a redundant disk backup system. There are licensing requirements and system maintenance requirements for future ongoing costs. This is something important to have from an IT and operations standpoint. Are there any questions on the redundant disk backup system?

Vice Chair Morin asked, is that a real-time disk shadowing where the systems for the City are backed up real-time to an off-site location or is it a nightly backup where it is taken off-site to redundant disks? Do you know?

City Manager Cubic stated, I can get that answer for you. I'd have to ask IT.

Vice Chair Morin asked, okay but the plan is it would back up to disk that are maintained in a similar state?

City Manager Cubic stated, yes.

Unknown Speaker asked, is it an off-line backup?

Vice Chair Morin asked, well right now it is a tape backup, right? So they're going to a disk-to-disk backup which would then facilitate a more rapid restore if there was a system down.

City Manager Cubic stated, a more reliable one also with this new system.

Vice Chair Morin stated, if you could find that out for me I'd appreciate it.

City Manager Cubic stated, okay. Any other questions? Moving on? The next project is on page 197 of your capital book. It is the Redwood Empire Sign Restoration. This came out of strategic planning. It was a 1-star under the expand tourism and cultural opportunity goal. The funding is Tourism dollars. They are asking for \$25,000 from the general fund-tourism. The objective of this project is to restore the Redwood Empire sign located at the north end of the Caveman Bridge. It is a big green sign. The concept would be to restore it to its original state and light it up as one of those tourist attractions for the city. Any questions?

Councilor DeYoung stated, one of the service clubs is interested in doing something with that sign down there. Did they approach you at all?

City Manager Cubic stated, I have not been approached by a service club. The only approach I've had so far with regards to signage is from the Ford Family Foundation regarding the gateway signs. I haven't been approached by any other organization yet. If anyone is wanting to piggyback on that is would just make the program even better.

Councilor DeYoung stated, it might be an opportunity to form a partnership and ease it up a little bit. I'll try to remember which organization it was. It was one of the two that I (inaudible).

City Manager Cubic stated, my understanding, with my limited resources, is with sign restoration it is best if we can utilize LED lights. Certain types of LED lights will give you the same hue as a neon light. You can drastically reduce the cost of rehabilitating that sign if we go to LED instead of neon.

Councilor DeYoung stated, and neon is more susceptible to vandalism.

Committee Member DeHoog stated, Dan brought a good point there. Any time we have one of these projects we want to get done as a City if we can hook that up with a service club and maybe find a donor that will throw in some money it is a good opportunity for everyone to pull together and accomplish something in the community. Sometimes it takes more work but I think that pulls us together and shows us as a group that even though we sit on different party lines

and can't agree on things - remember that sign? We got that done. That was pretty cool. I was going to say if you need to take a break for 5-10 minutes, your poor voice. I'm feeling for you. Feel free to do so Aaron. You have a lot to say.

City Manager Cubic stated, I have some water it will be better now. That is a really good point. One of the things I do want to note is, and Council will know this because we showed through the strategic planning process where our goals came from, but some of the goals similar to this came from a community group or a citizen saying I want to do this. I want to participate. Can the City help out? We'll facilitate that process and it goes through that. A number of the items came strictly from an organization or group wanting to do something and we just help the process.

Committee Member DeHoog stated, sometimes I think that we try and make things happen and sometimes we have to back up and say we'll hold onto those dollars and put that out and see if we can attract somebody and see if we can facilitate that to happen. Short term it is nice to get it done and sometimes it is better to say we have limited resources and we really want to get 2-3 groups that have enough in common that can go out and tackle this and see what they come up with.

City Manager Cubic stated, I have a real recent example of just that. We have the E/F street site where there is some bare land, right-of-way. A year ago Council wanted to do something with that so we put some revenue in there to make that happen. Ultimately a couple community groups came forward, CoPA, Ford Foundation, and an artist. We have people donating time and resources and people like the Ford Foundation coming together to work on a new gateway sign for that location and another location. That is really what makes this community great is when we can put those people together to make something cool. Moving on from the sign, any more questions about the sign? New project LB6274 – Public Safety Property Search – this is a 3-star project, a high priority, under keep citizens safe on page 198. What we're asking for here is \$15,000 of general fund dollars that will allow us to research alternative locations and sites for a potential new Public Safety facility. We are currently renting across the parking lot here and there are some issues with that site and the location. What we are looking for is some funds so we can start doing some background and research to try and develop concepts for Council's consideration on alternatives for a Public Safety location.

Councilor DeYoung stated, you have to be more specific. What is the \$15,000 for? Because if I'm looking for a piece of property I think I'd go look for a piece of property or call a realtor and say I'm interested in this. Who is going to be the recipient of the \$15,000?

City Manager Cubic stated, some of that is we have a contract, we have someone who specializes in property acquisition, you've met them a few time in either executive session or some –

Councilor DeYoung asked, so this \$15,000 will basically go to our property acquisition guy who we have on staff?

City Manager Cubic stated, a portion of it will go there. We will also potentially want to utilize some for determining what we really should be looking for in a Public Safety Department facility. It is to allow us to allocate costs for that activity. We have a contract and we have people doing jobs and other things but we need actually a dollar source to charge those activities to because they're paid from those activities.

Councilor DeYoung asked, so this isn't going to a private entity to say go find me a place to hang my hat?

City Manager Cubic stated, not necessarily.

Councilor DeYoung asked, this is more inter-transfer?

City Manager Cubic stated, that is what part of it is for, yes.

Vice Chair Morin asked, can I just ask a clarifying question for myself as I make sure I understand all the documents? In the book on the page it says it is \$15,000 but it is saying \$25,000 on the screen and I'm not sure what the difference is.

City Manager Cubic stated, the hard dollars we actually ultimately need is the \$15,000 we'll be cost allocating for. We'll be utilizing other internal staff resources which will bring the total cost up to around \$25,000 potentially.



Vice Chair Morin asked, so the \$15,000 is just new dollars in addition to staffing dollars?

City Manager Cubic stated, yes. The next project is LB6275 – Partnership for Centralized Services - this was another high priority 3-star project on page 199. We've earmarked in the budget \$150,000 of general fund dollars for this project. Grants Pass has a need of providing a variety of services for its transient population. This project would identify and potentially purchase real property to locate a transient service facility in partnership with public and private services. One of the things we'd try and do in this whole concept is to first determine what interest there is for some of our service providers. To come up with one location where we can provide multiple services at one location instead of a service here and two blocks away it's over here and four blocks away it's over here. If we can pool our resources together with some of our service providers and find a centralized location we can provide more efficient services and the services we're providing can be done in a way that provides less conflict within our areas of commerce within the city. That is what this is for is the potential of being a partner in relocating some of those service providers.

Councilor DeYoung stated, I think this thing leads to if you leave it up to the service provider alone you could have one of these things parked just about anywhere in the city they find property. We thought it would be a good investment for the City of Grants Pass to have a say-so because it affects our Public Safety, branding, tourism, and downtown businesses. I'll use Coeur d'Alene lane for an example. They have a transient problem the same as every city in America except they dealt with it. They moved the transient population out where it is not in the central business district kind of like what we have a taste of here. That is why I think the \$150,000 is a good investment. It keeps us at the table. We've had a couple forums and it started out very combative with 6-7 entities all thinking of themselves and by the time we had 2-3 of them they were all starting to think together. I think this \$150,000 just adds to that and says we do want to be a partner and we do want to have a say in where this is going to go. That is where this came from and I'm supportive of it.

Councilor Lindsay stated, Dan gave part of the precursor and I was just wondering if there has been any indication from the service providers. Has there been any further progress about what Dan has said about coming together and finding a common place?

City Manager Cubic stated, as Councilor DeYoung mentioned that was one of the items listed in the forums we held - a potential action for the community to do. There has been further discussion and we've had some discussions with some of the service providers and there is interest in the potential of this concept.

Councilor Roler asked, I was just wondering what kind of incentive you could offer to those groups to go along with this. They are kind of establishing their way, a lot of them, and it's not going to be let's go over here boys type of thing. Is there any thinking about that?

City Manager Cubic stated, we've had some discussions with some of the service providers. Ideally it would be wonderful if we could have a facility where they can provide the services they need at the times they need. Also, it would be wonderful to have the flexibility for other church groups or organizations to schedule time to provide services also and utilize that as more of a community service provider location. The incentive is a number of the service providers have a facility but it's really not the desired everything they want. It may not have showers or it might not have the ability to provide a room for something. If we were able to have something in place to would help facilitate the washing of clothes where they might not have the ability to do that or something along those lines there is the buy-in. They are able to get a facility where they can better serve the people they are intending to serve.

Committee Member DeHoog stated, I think Dan hit the nail on the head. I'm curious how much resources we tie up dealing with this problem. The problem is constant and how we're doing it now it kind of affects everybody else. What I'm hearing from Dan is why not put it somewhere where we can control it and do it safely. I'm not trying to be blunt but I'm saying let's be smart about it and let's offer a comprehensive solution.

Councilor DeYoung stated, you are reading my mind James. This is under keeping citizens safe and I think it also really dovetails in with leadership. For crying out loud somebody has to step forward. Somebody has to make the hard decision. Somebody has to say okay. You can call this \$150,000 seed money or you can call it think tank money. I don't care what you want to do but sometimes it's just a little bit of financial saying there is something here. The City knows it's a problem and we want to try to correct the problem. We could just sit around and talk about it but we're going to put our taxpayers' money where (inaudible) mouth is. This is an issue citywide with all citizens young, old, rich, poor, it doesn't matter they all say the same thing -

what is happening to our city? I think this \$150,000 basically follows along the line of leadership and that's why it's on our strategic plan because we really are interested in getting something going and if we have to be the one who starts something then so be it.

Committee Member Simpson stated, I think you hit the nail on the head when you said leadership. I think that is exactly what is needed and what this is aimed for. You have individual groups out there who are trying to fulfill a need. There is a need. These groups step forward to fill the need but there is a lack of coordination and a lack of leadership and I think that is what this does.

Committee Member DeHoog stated, to take it a step further we can sit around and wait for someone else to clean up the problem or we can say here is what we want and we will make it happen. \$150,000 is pretty cheap.

Vice Chair Morin stated, the question I have is I definitely see the point in trying to get that put together. Do we have a sense of how much we're spending dealing with this kind of issue right now as far as FTE counts or other resources and what net effect we're likely to see after that? I know we are expecting a positive and there will likely be additional costs but are we expecting the net to be either improved safety or improved sense in the downtown or actually less cost FTE directly or all the above?

City Manager Cubic stated, we won't get a reduction in FTE but what we would get is potentially a use that is more compatible in another location than it is now which would reduce the hotspots our Public Safety has to address right now. There's a few of those in town in and around the fringe of our central business district area and our commerce area and in the outskirts of the neighborhoods that are associated with the central business district area. If you could find an opportunity for that type of activity of providing the service to be done in an area where it does not provide as much conflict with the surrounding uses it would ultimately drive down hopefully the hotspot issues we're dealing with right now.

Councilor Lindsay stated, also Aaron it's possibly not even identifiable but there would be a greater opportunity for commerce. The businesses wouldn't be as harassed and they wouldn't have the problems they have now or being close to the area. Also the public would basically

feel safer being around those areas where they go shopping or they're walking around in the new historic district. All those things are basically not measurable but they are intangible.

City Manager Cubic stated, you both bring up another point to address. It wouldn't result in a reduction in FTEs but what it would do is it would ultimately have the feel and the flavor and the perception of more FTEs out there because we may be able to do more community policing if we don't have the hotspots we have now. Moving on to - Historic District Expansion/Inventory – this is a 1-star and we're looking at \$20,000 from the general fund to help expand the downtown historic district beyond the two blocks we have right now. The estimated total project cost is \$20,000. It would require some consultant services to help make that happen. The Historic Committee is a quasi-judicial committee so there is some formality associated with that and so we need to make sure if we do any kind of expansion it is done right. Any questions?

Vice Chair Morin asked, one question I have about the historic district is if we expand that into the additional blocks is that something merchants who (inaudible) in those buildings and participate in that area? Do regulations or things change for them as far as how they use the space or their ability to put up signs or advertise? I'm not sure what it entails for a business to be part of a historic district as opposed to what they're considered now.

City Manager Cubic stated, I can give you a cursory answer but actually I have Lora Glover here who is the director of PCD and I will let her answer in more detail.

PCD Director Glover stated, thank you, a combination of all of that could potentially happen. Not necessarily the interior uses but any outside exterior improvements, paint, remodeling, façades, etc. Processing for that would go through a little longer time period with the Historical Buildings and Sites Commission because it is quasi-judicial. The Commission has also talked about maybe loosening up some of the sign permit requirements in the historic district. That is something staff would certainly like to see. Right now we have a five day turnaround for sign permits except for in the historic district which could take up to 6 to 8 weeks or longer if it's appealed. We're trying to get the Historic Commission to set standards for signage that staff could approve and go through that way. We will be working with and reaching out to merchants and all property owners within the proposed new district.

Vice Chair Morin asked, to follow-up on that briefly have you been in contact or in discussions with the merchants or whoever is there to see what kind of buy-in they have for that or enthusiasm they have to be part of the historical district?

PCD Director Glover stated, we will do that a little more formally if this is an approved budget item. Some of our commission members have gone on their own a little and touched base with a few people here and there I think. I'm not sure what sort of buy-in we have or resistance we might have. We will do a couple open houses or open meetings for them and then also the process too. If some people are saying they don't want to be in or they do want to be in this would be a flexible map at the moment finally approved by the City Council unless it is approved at the State level.

Councilor Lindsay stated, just for clarification perhaps I could add a little something to the discussion about this. When people think about a historic district they think of rules and regulations and restrictions. There are basically three things involved. First, the general building code which is city-wide. Secondly, the historic district which has some additional restrictions to continue the historic theme not necessarily to have real tight regulations. Third, the federal registry which is far more restrictive than the historical district we've been contemplating. As far as I been able to determine the historic district rules and regulations are more in line with the theme and the general atmosphere rather than really restrictive things the federal registry might have. Am I correct?

PCD Director Glover stated, yes you are correct. Actually our initial historic district which is 4<sup>th</sup> and 6<sup>th</sup> between G and H was on the national register for a couple of decades before it was codified in our development code as a historic district too. It can go both ways. Again, national or through the State is a more restrictive process, but there could be some benefits too as far as grants or tax increment reductions.

Councilor Roler stated, I'm the liaison to the Historic Commission and part of it is just to protect what we have now. We're not going to get real wild on the regulations or anything but just don't let somebody paint their building pink in the middle the historic district or something. We're not going to try to make buildings that aren't historic into historic ones and say you have to look like these. Part of it would be the Town Center Plaza but obviously it's not historic with brick and all that. But it would be just things like if you paint would you make it subtle earth tone colors as

opposed to pink? It is just that kind of thinking it's not that we're trying to make everyone historic in the district we are just trying to protect what is there.

PCD Director Glover stated, I will wrap up with one of the goals the Commission would like to accomplish. It relates to which buildings are historical themselves or landmarks. We could certainly have just guidelines in there stating if you are within this district these are the color palettes you would like to see or the building materials you would like to see and not be so restrictive to a building that truly is a landmark. We can help build some of those guidelines into the code amendments.

City Manager Cubic stated, the next project is LB6277 – Downtown Accent Lighting - this is a three star high-priority Council project and it is asking for \$10,000 in general fund dollars. The project would fund the purchase of Christmas-type, little, white, LED lights to go in the downtown area. We would wrap the trees similar to how other communities have done to help with our economic vitality of the downtown.

Councilor DeYoung stated, in the book it says total requirements is \$10 million plus. I think that is a typographic error.

[Recorder's Note: multiple jokes regarding the type were shared]

City Manager Cubic stated, I'll move on from that one. The next new project is LB6278 - Portable Goals at Reinhart and Gilbert Creek Parks - comes under preserve our natural resources on page 202. The funding is for \$15,000 from the general fund to provide the purchase of some movable soccer goals.

Councilor Lindsay asked, Aaron I'm glad to see this in here because there is a stronger demand for soccer in the community and I know you are part of that and so providing the facilities at the Gilbert Creek and Reinhart certainly is a positive move in the right direction, thank you.

City Manager Cubic stated, it next item is new project LB6279 – page 203, under promote healthy neighborhoods, \$50,000 from the general fund to help with the visual appeal of Grants Pass coming from the I-5 corridor. If you're heading south on I-5 looking to the right trying to

increase the look and feel of Grants Pass as you're coming in. This will provide screening vegetation to help screen some of the industrial properties.

Councilor Lindsay asked, Aaron is this a study or is this the actual implementation?

City Manager Cubic stated, this would be the implementation.

Councilor Lindsay asked, does this include not only the trees but any irrigation that might be required?

City Manager Cubic stated, irrigation will be an issue we'll have to address and it will be tough depending on where those trees are planted.

Councilor DeYoung stated, up around Albany where ODOT has put up walls to block visual of neighborhoods is this something we need to look to ODOT a little? Could they be a player?

City Manager Cubic stated, ODOT primarily does those large walls when it is residential abutting a freeway or major highway, not commercial. On the flipside ODOT has standards for clear vision and likes to see things not so concealed.

Councilor Roler asked, would this be similar to a partnership with the private land along there? That is not all City easement our access or anything. You would approach private owners and offer the plant trees for them or what? Tell me how it would work.

City Manager Cubic stated, it would probably be a combination of all. We would have to look at what we could do within certain public access, public right-of-way, different properties owned either by the State or by the City, or private entities. We are talking a relatively large section. Moving on to new project LB6280 – Trails Rehab – 1-star under promote health neighborhoods on page 204 – funding is for \$50,000 from the general fund. This will provide for trails for bicycles and pedestrian use. They have been installed around the city in various locations and this project will enable the needed repairs to be performed. It's important for us to try and maintain what infrastructure we have and this will help to do that. LB6281 – Fruitdale Park Restroom - 2-star under preserve our natural resources on page 205. There are three funding areas we're looking at for a total project cost of \$150,000 for the restroom - \$75,000 from

transient room tax dollars, \$50,000 from the general fund, and \$25,000 from Park SDC dollars. LB6282 – City Rebranding – a 2-star under expand tourism and cultural opportunities on page 206 - \$80,000 of general fund dollars to cover any costs associated with the rebranding we're currently working on right now such as new signage, logos, changes to vehicles, stationary, signs downtown, etc. Currently we are in a rebranding process and it will be unveiled mid-May and going to Council to determine what that new brand is. If the brand is accepted or changed in any form or fashion it ultimately means we need to start changing the branding within the city. Some of the things we have with the logo of the riverguide as on our vehicles or on signs downtown and they'd like to upgrade to show the new brand. The brand is not just a city brand it is something the whole community would be involved with. The Chamber of Commerce, hopefully the County, and our economic development strategic plan we're developing will all incorporate the brand. The look, the feel, and livability of the community are what the brand is supposed to address.

Committee Member DeHoog asked, is this a project Council has put forward or the public has put forward, or as a group everyone feels we need something new, slicker, better, faster mousetrap? I've seen several of these things done and sometimes it ends in an utter flop.

City Manager Cubic stated, that could always be a possibility. This was something initiated by community interest and then also supported by Council through the strategic planning process about two years ago. We started to build it into the work plan. Council looked at ways and opportunities to make that happen. To save resources, our current contractor for Travel and Tourism said he'd take on the project. He's has experience with these type of activities and projects in the past. Under the current contract we have for Travel and Tourism he took on the branding exercise and has gone out and reached out to a number of different community leaders and groups to ultimately develop this potential new brand for our community.

Committee Member DeHoog stated, looking at the existing logo I'm going to say it is fairly hard to beat. Often multi-logos, old to new, or multiple logos sometimes they work sometimes they don't. Some people are people who argue the legacy issue. You see a lot of retro stuff coming back. My argument is it costs a ton. It is everything from check stock to envelopes to every logo on every vehicle. My argument is unless there is something produced that is absolutely over the top I wouldn't want to pull the trigger on it.



City Manager Cubic stated, ultimately that will be a policy decision by Council. They will take a look at that and hear comments from the community and what people think of it and it will all depend on the external environment of what is going on in the community.

Committee Member DeHoog stated, I get logo and identity and all of that. If I was going to spend \$80,000 coming into town on the north side that is fairly ugly and I don't think \$50,000 is enough, maybe. I'd like to see that project have more and be defined more and image says a lot. Maybe this could wait.

Councilor Lindsay stated, going along with what James said the committee that has been looking into this has been working very diligently for many months, about 5-6 months, and they have really scrubbed the floor looking for all the ideas. I know they have talked to several of the Council on an individual basis, I know I was. They have reached out to community leaders and various organizations for ideas. It is a comprehensive view and a lot of research has gone into it. I feel based on what I've heard, without having been told what it is, if the branding is done right and I think it will be based on the effort I've seen so far, but I question the \$80,000. Like James she said about the visual aspect coming down the Merlin hill heading south on I-5, the \$80,000 seems a little low because you have many signs, all kinds of brochures that have to be redone, and various other things. I'm questioning the validity of just the \$80,000.

Councilor DeYoung stated, the logo for Grants Pass on some of the older stuff is the Caveman Bridge, the iconic arches and then somewhere in the past all of a sudden came the girl with the paddle and then came the guy with the fishing pole. Before you know it we were split into three different things and I think the purpose is to bring everything back together again under one brand, one logo. Some trucks have this on them and other trucks have that and the Chamber is something different so to bring it all together as a community. Will \$80,000 do it? I don't know that, but I think that's a starting point is \$80,000. That is what is in this year's budget and I don't want to say I think should be \$150,000 because I think we need to start at \$80,000 and see if it gets done within that. This is the high mark right now. Let's see if they can get it done for that and go from there. I think that's the purpose of the whole thing is to bring it all under one roof. I agree with James because of the way this thing could go sideways also. There's no guarantee it won't but if you look at the Pittsburgh Steelers' logo you don't even have to be read Pittsburgh Steelers you just know those three colors belong to the Pittsburgh Steelers. That is what we want to have for the City of Grants Pass and the surrounding communities.

Chair Brandes stated, just think if it can't all get done with \$80,000 we could have four different ones.

Councilor Lindsay stated, Dan adding to the Pittsburgh Steelers thing probably one of the most recognizable trademarks in Oregon is the Nike logo and it's worldwide known and so it does have value if it is done right.

City Manager Cubic stated, LB4713 – Allen Park Reserve – on page 150 - this is additional funding for \$160,000 of Park SDCs used to allocate the SDCs to pay back a portion of our internal borrowing for the park reserve property already purchased. We borrowed some money to purchase the Allenwood Park Reserve and what we're trying to do now is start paying that debt back. This is for that purpose.

Councilor DeYoung stated, thank you. There is documentation. There needs to be accounting for that loan to be repaid. Thank you very much.

City Manager Cubic stated, LB4955 – Allen Creek Trail (Ramsey to Hwy 199) – page 155, 1-star under promote healthy neighborhoods – we're looking for additional funding for 2016 of \$75,000 and transit room tax dollars on this trail system will provide non-motorized public access along Allen Creek as part of the River City Trail.

Councilor Roler asked, where is that going to hook up with anything else out there? It starts over there on Hamilton Lane and goes over to Cloverlawn and kind of stops right there. There is no where to go from one end to the other. Is this going to continue that or something?

City Manager Cubic asked, Lora do you want to come up and talk a little about the Ramsey to Hwy 199?

PCD Director Glover stated, I'm going to make a clarification on this slide. This is a project that would eventually get built out. We are trying to move some funds into another portion of it that will actually get built a little earlier going closer up to the hospital/medical overlay area more towards Williams Highway and where the new Red Robin is going to go. We are taking some of the money that was supposed to do the back area more towards New Hope. That part of the

park isn't developed so we're going to move it up more towards the north end of the trail system and connect part of it that is being used. That is the goal for this year. We are kind of pulling it out of an area that won't be developed for couple years and connecting a portion that is being used. There are a couple segments. I'm sorry if that wasn't clear enough.

Councilor Roler stated, I just wanted to make sure that is was connected into something else that is wasn't just going to go for a little distance and stop.

PCD Director Glover stated, we're really excited about this project because Red Robin has indicated they will work with us and allow us to install a bridge that would connect more onto the loop on their property and then cut back down into Ben Dean's property and part of the DCS property behind it. Fred Saunders, our Engineering supervisor, is very excited about this project because it will be a nice loop.

City Manager Cubic stated, LB6101 – Business Software and E-Permitting – under cooperative shared leadership, on page 164, 1-star – looking for additional funding for administrative service fund transfers. The project replaces the integrated core financial and data software for the City. Of course this is part of the overall large project that is estimated to cost \$1.252 million. This is a continuation to help support the ultimate and implementation of all of our software programs.

Councilor Lindsay asked, when is E-permitting scheduled to go in? As I recall it was later on this year?

City Manager Cubic stated, I don't know if that is a Lora or Jay question.

PCD Director Glover stated, that should be going in later this year when we go live with our inter-gov process. We do have the mechanical permits available right now on our inspections, the smaller permits, but once we are able to go live with our new software program towards the end of the year we're looking forward to that.

Finance Director Meredith stated, it will be October this calendar year.

Councilor Lindsay asked, when is the full implementation of the plan scheduled to be achieved?

Finance Director Meredith stated, the last major module of the complete implementation is utility billing and that will start in August this year and go through April or May of 2016. There'll be some follow-up activities after that as well but if we stick to that current schedule right around May next year we will have implemented all of the individual pieces.

Committee Member DeHoog stated, this is an off-the-cuff realization. We are going to part with \$98,000 annually. Do we offset that with efficiency in this operating? We had the initial license fee we and we had to install the thing. What is the long term payback? We use lots of different software for managing lots of different things. It always seems what you gain on one side you give on the other. If you get one program there is always different pricing and so what we are kind of learning is what we bought is not exactly what we bought.

Finance Director Meredith stated, I will try to generally answer that question. We will be paying close to \$98,000 annually for the licensing and upkeep of the system but our old system which is 19 years old at this point we are paying \$45,000 a year just to maintain the old system. The incremental cost is closer to \$50,000 more on the licensing end. We did a return on investment analysis before we started this project and we identified a lot of different areas where this system is going to create some efficiency for us. Ultimately there will be a return on investment. It's hard to quantify precisely. We don't necessarily expect any reduced FTEs but we expect that we will be able to keep our current level for well into the future even as the city grows particularly in the administrative areas of our operations such as the Finance Department, Human resources, and certainly Parks and Community Development which are the three heaviest users of the system. We said early on that even if it just saved two or three FTEs the return on investment would be in that 10-15% ballpark.

Councilor Lindsay stated, also if it achieves the goals that have been set I think the perception from the community would be a friendlier environment for customers of the system, better bills coming out of the utilities/enterprise areas, and I think that the public relations aspect of what this software will achieve intrinsically is greater than the cost. Sometimes you have to pay a little to get a lot. I think this is one of those examples where public perception will be greatly enhanced because of the efficiencies that are achieved and also the fact that they will have access to some things they don't have access to now.

Councilor DeYoung stated, it shows here that \$150,000 is coming out of the administrative services fund. Is that depleted or does that leave a lot in it? When you get a return on investment you are talking about is that going to be in dollars and cents? Does it go back into the administrative services fund or does it go back into the general fund when you start seeing that return?

Finance Director Meredith stated, a large portion of it will be future savings in the administrative services fund because that is one of the areas where the system is most heavily used. The other would be Parks and Community Development. The reason we chose to make the transfer from the administrative services fund, and it's not something we do very often or have done very often, was there was a sufficient left over fund balance in the administrative services fund, which is an internal services fund, to allow for the transfer to happen. This is a system that is used by all operations to some extent. Administrative Services provides services to all the operations a similar manner. As far as direct savings goes that will largely be avoiding having to add additional administrative staff in those areas in the future. That is where we probably get the bulk of our actual direct cost savings. It's not necessarily a cost savings it's more of a cost avoidance in the future by having a system that is modern and extremely efficient. It is not as if you will see a direct reduction near-term within the next one or two years after implementation but this will allow us to grow many years into the future without adding staff to have to keep up with the growth.

Councilor DeYoung asked, because this will be used across the board and we are taking a pretty good lump out of the general fund shouldn't it be more equitable? Should we take more out of the administrative services fund? I don't know how much is in that administrative services fund. If there's \$8 million in there and we're going to skim off \$150,000...I just don't know how much is in there. I just think that is a pretty good lump to take out of the general fund for something that is going to be used across the board when we are talking that City Council really doesn't want to get into the general fund unless we absolutely have to.

Finance Director Meredith stated, in this case we did have to. Our financial policies say that the carryover fund balance in the administrative services fund needs to be between 15-25% of annual expenditures in that fund meaning that fund only carries a balance of \$500,000-\$700,000.

Councilor DeYoung stated, okay everybody keeps asking if there is a big pocket of money there somewhere and this isn't it, that administrative services fund is not it.

Finance Director Meredith stated, minimal carryover balance to just carry ongoing annual operations in that fund.

City Manager Cubic stated, for the record we don't have a big pocket of money hiding somewhere. LB6085 – Code and Plan Updates Related to UGB Expansion - on page 166, under facilitate sustainable and manageable growth - additional resources recommended of \$77,930 from the general fund. As part of the UGB expansion it is necessary to revise some codes and plan provisions to effectively manage growth within the existing and expanding boundaries.

[Recorder's Note: some confusion on page numbers – it was actually page 162]

City Manager Cubic stated, LB6142 – Remote Emergency Equipment Cameras - this is a 2-star under keep citizens safe on page 173 - additional funding recommendations of \$70,000 from the general fund. The installation of cameras on City property will help reduce vandalism and other crimes. We are looking at continuing to do that. We have had some success with those cameras and so we are looking at continuing that with the \$70,000.

Councilor Lindsay stated, as I understand that these are the HD cameras that have much better quality than standard.

City Manager Cubic stated, yes these are the ones we actually have some control over and we can utilize for helping with monitoring crime. LB6188 – Technology Life Cycle Management – under shared cooperative leadership, on page 177 – we're looking at replacing and updating our data network hardware and software and looking for \$50,000 from the general fund, equipment replacement and updates.

Councilor Lindsay stated, being a retired computer scientist, replacement of computer equipment is vitally important because the stuff doesn't last forever. The normal lifespan, depending on the quality, is somewhere between 3-5 years. Replacing equipment just before it fails is always helpful. If you have to replace after it fails sometimes in the failure process it

messes things up a little bit. From personal experience I have encountered that in businesses I did consulting work for. I'm glad to see this and as I understand you have a good handle on the cycle that you are working with and the various pieces of equipment so that they are replaced in a timely manner.

City Manager Cubic stated, LB6189 – Existing Park and Sports Facility Rehab – another rehab project to promote healthy neighborhoods – on page 178 – looking at \$56,000 of transient room tax dollars to help provide the needed maintenance for our existing park infrastructure.

Councilor Lindsay stated, I know that at one time there was a move to do some refurbishing up at Gilbert Park off Hawthorne. I know that was delayed due to various other things. Is that particular project back in this?

City Manager Cubic stated, are you talking about the tennis courts?

Councilor Lindsay stated, tennis courts and also the ball field.

City Manager Cubic stated, I think both of those are what we were discussing. Yes that is it. LB6190 – Park Trails – 1-star, under promote healthy neighborhoods, on page 179 – looking for additional funding from transient room tax dollars in the amount of \$50,000, will phase this project in to include park trails at the mountain bike park, Morrison Park, Fruitdale Park, Reinhart Park, Woodson Park, and Tussing Park – to increase park trails, looking at a phased in approach.

Councilor Hannum asked, is this the Skyway Mountain Bike project? Is that included in this?

City Manager Cubic asked, are you talking about the new mountain bike one we were talking about?

Councilor Hannum stated, yes.

City Manager Cubic stated, I believe this is something different than the Skyway. This is just in addition.

PCD Director Glover stated, the mountain bike park is listed in part of the description but we will be focusing on Morrison, Fruitdale, Reinhart, Woodson, and Tussing Parks with this project. We have a different account for the mountain bike park.

Chair Brandes stated, Aaron when I look at this I see there is \$50,000 from transient room tax but then the required expenditures says \$75,000. I don't understand where the other \$25,000 came.

PCD Director Glover stated, this is in proportions so hopefully next year we'll have additional transient room tax funds and then we can finish off the different projects that we're looking at. This project will roll forward into next year, but we are going to do at least what we can this year with the funds that are available.

Finance Director Meredith stated, and more specifically it relates to the fact this project has been in place for a couple years now and so it is funding that has carried over from previous budgets.

Councilor DeYoung stated, it seems as if the transient room tax pops up whenever things have to do with parks, trails, and everything else. Is that the limit to where transient room tax can be spent?

PCD Director Glover stated, Parks and Community Develop gets just a portion of those funds. Jay can probably explain where the rest of them go to.

Finance Director Meredith stated, the simple answer is yes. About 14-15% of the total transient room tax that is collected go into the lands and buildings capital fund and they can only be used for these types of projects in the parks arena, by our own municipal code. Just to elaborate on that a little for Council's consideration, State law says that portion can only go toward tourism related facilities and so parks are certainly one of our tourism related facilities. We just took it a step further and restricted it to parks and trails sorts of things. That is an internal restriction we placed on ourselves but that portion of those dollars have to go to tourism related facilities.

Councilor DeYoung asked, what are some of the other things? You said 15%. Where does the other 85% go?



Finance Director Meredith stated, some goes to Downtown development, some goes to Parks and maintenance, some goes to Public Safety, and the largest single share actually goes to the Tourism budget itself.

City Manager Cubic stated, the contract we have is the majority of that. LB6197 – Fire, Sprinkler, and Structural Retrofit Grant – this is a 3-star under encourage economic prosperity on page 182 – this is providing additional funding for a very successful program we have in place right now to provide for upgrades to fire suppression and structural elements in historic buildings. For the Budget Committee members' information of our \$250,000 that we've basically given out the return in private matching funds in infrastructure is they've put in over \$1.9 million for our \$250,000 investment. It is a good program to help spark the development and rehabilitation of some of these buildings to make them more useful.

Councilor Lindsay stated, I noticed from Fiscal Year 2015 to Fiscal Year 2016 there is a reduction of \$90,000. Is this project money being allocated expected to be continued on in future year?

City Manager Cubic stated, that is a very good question Councilor. These funds came from an old Community Development block grant that has specific limitation on what you can use the money for. Creatively through Council's recommendations and staff recommendations we were able to put this into this type of program. Unfortunately the money used to go to a loan program where you get the money back. This is a one-time shot. We've been spending it successfully providing that in to the community as a boost to help get some of those buildings more utilized, but it is not something that is revolving. It is going to be going away. That is why you see a reduction compared to years past because we just don't have the revenues we had because it has been so successful. It is unfortunate we've reduced the revenues we have, but on the flip-side what a great positive thing to take \$250,000 and invest it in the private industry and have them turn around and spend over \$1.9 million in improving their buildings. LB 6224 – Grants Pass Area Brownfields Coalition Assessment – this is a \$200,000 EPA grant – Josephine County and the Solid Waste Agency submitted a joint application and so these are grant funds that we will be able to spend to help property owners who want to assess their properties for brownfield. This is an opportunity for them to do that with these grant funds. It is not a mandatory program, it is strictly voluntary. We are helping facilitate the opportunity for people to

utilize some of these EPA grant funds on brownfield locations. LB6227 – Reinhart Park Irrigation System Conversion – it is a 2-star under preserve and enjoy our natural resources on page 186 – we have \$110,000 in transient room tax dollars and this project would create a watering system for Reinhart Volunteer Park. It would hook up the park's system to the water system the City has. We have had nothing but failures in the irrigation system when we've pumped out of the river. We believe this is ultimately the best way to continue to water the park at Reinhart is to go away from the river and do it through our system.

Councilor Lindsay stated, Aaron since you are going to be switching from river water to I presume City water what impact is this going to have on the capacity of the water treatment plant which of course we are talking about in very great detail.

City Manager Cubic stated, Terry might want to speak on this but I can touch on it. Ultimately I think the water plant and Public Works is probably pretty happy because they now have a big customer and that will provide more revenue for them. From a capacity standpoint our storage capacity is sufficient enough to handle that type of growth. We won't have a problem from a capacity standpoint.

Councilor DeYoung asked, is Grants Pass Irrigation available there? GPID? Are they anywhere in the neighborhood to where you could use their system?

City Manager Cubic stated, I believe they are. Their system runs right through Reinhart Park.

Councilor DeYoung stated, but there is a charge for using their system. Is that what we're looking at?

PCD Director Glover stated, it is very expensive and we are back to using river water again and pumping. Not only are the pumps a problem it is what the river water does to the sprinklers. We spend thousands of dollars replacing the sprinkler heads each season. It requires a temporary employee every year to maintain that system. Our Parks superintendent is beside himself with this. We know it is expensive to go through but we think overall it will be better. Also, when you use river water, it may be green, but it is not always grass. When you're dealing with sports fields we're working really hard to make sure we have a nice lawn surface for everyone to use. It is a high maintenance situation right now with the pumping out of the river.

Councilor Riker asked, I didn't know if in the future we could keep in mind with the expansion and upgrade of the sewage treatment plant possibly using wastewater from that in the future to irrigate those lands? They are in somewhat close proximity.

Public Works Director Haugen stated, that would be a possibility but you would have to take your water that is coming from the wastewater treatment plant to tertiary level treatment which is far more expensive than you have right now. You currently do use that water within the boundary of the wastewater treatment plant itself, within the fenced area. We are only able to do that because the public does not have access to that area. If you go outside of that boundary you do have to go to tertiary treatment.

City Manager Cubic stated, another issue with that also is you have many people utilize golf courses to spray irrigate their wastewater and that is a great thing and it is a park-like setting but actually in a park if you're spray irrigating you're spray irrigating on playground equipment where that water could pool and kids could play in it and from that standpoint there are a number of hurdles with doing it in an actual park setting that has an active park versus something like a golf course. LB6228 – Alternative Fueling Facility Design and Implementation Plan – this is a 2-star, under cooperative shared leadership, on page 187 – this is a really exciting project and Jay has taken the lead on this from a Fleet standpoint but we have an opportunity with some of these funds to work with our Middle Rogue Metropolitan Planning Organization and develop a design and do a feasibility study on alternative fuels, natural gas, for vehicles in place of petroleum fuel gas. We would be able to utilize this in partnership with the school district, the franchise haulers, the County, and we could be a hub. This money is established for the study of that and coming up with the feasibility of this project.

Councilor Lindsay stated, I know there is interest in this particular project because I've talked with Pat Fahey and he has been researching this for at least a couple years that I know of. It is certainly a green approach to energy utilization and it has great potential if it is done right.

City Manager Cubic stated, this has the potential to do similar to what James was saying earlier trying to get communities together to support it. I think this has the potential to have a lot of community support.

Councilor DeYoung stated, I see \$100,000 from the MPO. Is the \$12,000 a required match? Is it a 12% match required by the MPO?

City Manager Cubic stated, yes.

Finance Director Meredith stated, yes, all the main funding sources such as the STP and CMAC and other projects do require a little more than a 10% match.

City Manager Cubic stated, LB6229 – Downtown Lighting and Parking Lot Improvements – comes under enhance a safe and secure environment, on page 188 of your capital book – we're looking for \$60,000 of general fund dollars to improve the lighting on 5<sup>th</sup> and H Street. As you may be aware, the City did purchase and acquire the parking lot on the corner of 5<sup>th</sup> and H. It is currently parking allowed in day use only. It is not to City standards from a standpoint of safety for lighting and other things similar. This will provide an opportunity for us to get that parking lot to better City standards and use.

Councilor Lindsay asked, Aaron does that include the signage that is necessary for that parking lot? I know there have been some comments about the signage that is there now and that it is not accurate or complete.

City Manager Cubic stated, it will provide for some additional sign improvements. This would be a one-step phase. We're not quite sure ultimately what the end-use of that parking lot will be. It will still go to Council for your consideration on what those options are. This is \$60,000 to do lighting, signage, striping, moving the Gold Miner to the corner, and making it nice by planting vegetation, etc.

Councilor Hannum asked, (inaudible) moving the Miner into that corner that we were talking about doing? That is included?

City Manager Cubic stated, yes. LB6230 – Joint Economic Development Strategic Plan – under encourage economic prosperity, on page 189 – looking for \$75,000 from the general fund to develop an economic development plan for the City of Grants Pass. We've also had confirmation that Josephine County is willing to put in about \$35,000-\$37,000 to do a regional approach. In coordination with the County we'd be developing a joint economic development

plan pooling our resources together. General fund transfers - the following are general fund transfers to Public Works capital programs:

- \$15,000 – to Stormwater to help with the TMDL plan implementation
- \$155,000 – for sewer main structure repairs
- \$205,000 – for Gilbert Creek bridge replacement
- \$100,000 – for water main relocation
- \$100,000 – for Redwood Avenue phase 3
- \$370,00 – for Terry Lane

Those are part of those utility fee/franchise fee transfers back into funding programs. That concludes my report.

## **VI. Ratification of Budget Hearing Schedule**

Chair Brandes stated, now we need a ratification of the budget hearing schedule. You have here and it includes future meetings on May 12, 14, 19, with two optional meetings on May 26 and 28.

City Manager Cubic stated, Chair the one key point I would like to note is the tour and making sure that is understood.

Chair Brandes stated, on the 14<sup>th</sup> from 4:00-5:30. Will we be contacted or should we contact you?

Finance Director Meredith stated, we are going to take a head count at next Tuesday's meeting. If for some reason you can't make the meeting a week from tonight let us know if you intend to go on that capital tour. We will be providing a boxed meal so that is why we need a head count of how many will plan to attend that.

## **MOTION/VOTE**

**Committee Member Simpson moved and Councilor Lindsay seconded the motion to ratify the Budget Committee meeting schedule. The vote resulted as follows: "AYES":**

**Councilors DeYoung, Hannum, Lindsay, Riker, Roler, and Goodwin and Committee Members Brandes, DeHoog, Morin, Collins, Curry, and Simpson. "NAYS": None.**

**Abstain: None. Absent: Councilors Morgan and Gatlin and Committee Members Fogelquist and Rall (left early). The motion passed.**

VII. Receive public comment and/or questions – n/a

VIII. Discuss any general questions of information requests from Committee – n/a

IX. Continue Hearing to Tuesday, May 12, 2015

#### MOTION/VOTE

Committee Member Simpson moved and Councilor Roler seconded the motion to continue the hearing to Tuesday, May 12, 2015. The vote resulted as follows: “AYES”: Councilors DeYoung, Hannum, Lindsay, Riker, Roler, and Goodwin and Committee Members Brandes, DeHoog, Morin, Collins, Curry, and Simpson. “NAYS”: None. Abstain: None. Absent: Councilors Morgan and Gatlin and Committee Members Fogelquist and Rall (left early). The motion passed.

The meeting was adjourned by Chair Brandes at 8:50 P.M.

The motions contained herein and the accompanying votes have been verified by:



\_\_\_\_\_  
City Manager or Finance Director

\_\_\_\_\_  
8/18/2015

\_\_\_\_\_  
Date

These minutes were prepared by contracted minute taker, Becca Quimby.